

No. 8-118A081

Date APR 27 1988

Fee \$13.00

WILMER, CUTLER & PICKERING

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WASHINGTON, D. C. 20037-1420

ICC Washington, D. C.

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663-6093

1 5609

RECORDATION NO. 1104 1420

APR 27 1988 2 50 PM

INTERSTATE COMMERCE COMMISSION

\$13.00 filing fee

Ms Lee

April 27, 1988

Dear Ms. McGee:

Please file first

On behalf of Nationwide Life Insurance Company, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, seven executed counterparts of a primary document, not previously recorded, entitled Security Agreement dated as of March 1, 1988.

New Member

The parties to the enclosed Security Agreement are:

Nationwide Life Insurance Company - Lender
(Secured Party)

One Nationwide Plaza - 33T
Columbus, Ohio 43216

Citicorp North America, Inc. - Lessor (Debtor)
601 Midland Avenue
Rye, New York 10580

The said Security Agreement, among other things, provides for the sale by Lessor its notes to Lender in order to finance the purchase of certain units of equipment and the granting by Lessor to Lender a security interest in the units and in a related lease.

The units of equipment covered by the Security Agreement are those covered hopper cars identified in Schedule II thereto, a copy attached hereto.

A short summary of the document to appear in the ICC Index is as follows:

"Covers covered hopper cars"

Enclosed is a check in the amount of thirteen dollars (\$13) in payment of the filing fee.

Once the filing has been made, please return to bearer the stamped counterparts of the Security Agreement not needed for

C. O. [Signature]

- 2 -

your files, together with the fee receipt, the letter from the ICC acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

Allen H. Harrison, Jr.
Attorney for the purpose
of this filing for
Nationwide Life Insurance
Company.

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

SCHEDULE II
TO THE SECURITY
AGREEMENT

DESCRIPTION OF LEASED EQUIPMENT
Identifying Mark and Numbers

15609

COVERED HOPPER CARS = 177

CSXT 246520	CSXT 246581	CSXT 248282	CSXT 248359
CSXT 246522	CSXT 246582	CSXT 248285	CSXT 248361
CSXT 246523	CSXT 246583	CSXT 248287	CSXT 248363
CSXT 246524	CSXT 246586	CSXT 248289	CSXT 248365
CSXT 246525	CSXT 246587	CSXT 248290	CSXT 248367
CSXT 246526	CSXT 246588	CSXT 248291	CSXT 248372
CSXT 246528	CSXT 246589	CSXT 248292	CSXT 248373
CSXT 246529	CSXT 246591	CSXT 248294	CSXT 248374
CSXT 246532	CSXT 246592	CSXT 248295	CSXT 248380
CSXT 246533	CSXT 246593	CSXT 248298	CSXT 248382
CSXT 246534	CSXT 246594	CSXT 248299	CSXT 248383
CSXT 246535	CSXT 246596	CSXT 248300	CSXT 248384
CSXT 246536	CSXT 246599	CSXT 248303	CSXT 249554
CSXT 246541	CSXT 246600	CSXT 248304	CSXT 249564
CSXT 246542	CSXT 246602	CSXT 248305	CSXT 249572
CSXT 246543	CSXT 248143	CSXT 248308	CSXT 249578
CSXT 246544	CSXT 248144	CSXT 248310	CSXT 249581
CSXT 246545	CSXT 248147	CSXT 248312	CSXT 249587
CSXT 246546	CSXT 248150	CSXT 248313	CSXT 249606
CSXT 246547	CSXT 248151	CSXT 248315	CSXT 249619
CSXT 246548	CSXT 248153	CSXT 248316	CSXT 249621
CSXT 246549	CSXT 248155	CSXT 248317	CSXT 249633
CSXT 246550	CSXT 248156	CSXT 248318	CSXT 249654
CSXT 246551	CSXT 248158	CSXT 248321	CSXT 249660
CSXT 246552	CSXT 248159	CSXT 248322	CSXT 249666
CSXT 246554	CSXT 248160	CSXT 248323	CSXT 249669
CSXT 246556	CSXT 248162	CSXT 248324	CSXT 249716
CSXT 246557	CSXT 248163	CSXT 248325	CSXT 249731
CSXT 246558	CSXT 248164	CSXT 248326	CSXT 249740
CSXT 246559	CSXT 248165	CSXT 248328	CSXT 249742
CSXT 246560	CSXT 248166	CSXT 248329	CSXT 249765
CSXT 246561	CSXT 248167	CSXT 248330	CSXT 249777
CSXT 246562	CSXT 248168	CSXT 248331	CSXT 249797
CSXT 246563	CSXT 248170	CSXT 248332	CSXT 249804
CSXT 246564	CSXT 248171	CSXT 248334	CSXT 249840
CSXT 246565	CSXT 248174	CSXT 248336	
CSXT 246566	CSXT 248176	CSXT 248337	
CSXT 246567	CSXT 248270	CSXT 248338	
CSXT 246568	CSXT 248272	CSXT 248339	
CSXT 246570	CSXT 248273	CSXT 248340	
CSXT 246571	CSXT 248274	CSXT 248343	
CSXT 246572	CSXT 248275	CSXT 248344	
CSXT 246573	CSXT 248276	CSXT 248345	
CSXT 246574	CSXT 248277	CSXT 248346	
CSXT 246576	CSXT 248279	CSXT 248349	
CSXT 246577	CSXT 248280	CSXT 248351	
CSXT 246579	CSXT 248281	CSXT 248355	
CSXT 246580			

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RECORDATION NO. _____ FILED 1428

APR 27 1988-2 22 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of March 1, 1988

Between

CITICORP NORTH AMERICA, INC.,
Lessor,

and

NATIONWIDE LIFE INSURANCE COMPANY,
Lender

CSX TRANSPORTATION, INC.
Lessee

Railroad Rolling Stock

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EXHIBIT A DEFINITIONS

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SCHEDULE I INFORMATION FOR NOTICES AND PAYMENTS

SCHEDULE II DESCRIPTION OF EQUIPMENT

SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of the 1st day of March, 1988 ("Security Agreement"), by and between CITICORP NORTH AMERICA, INC., a Delaware corporation ("Lessor") and NATIONWIDE LIFE INSURANCE COMPANY, an Ohio corporation ("Lender");

W I T N E S S E T H :

WHEREAS, the defined terms in Exhibit A annexed hereto are hereby incorporated herein;

WHEREAS, Lessor has entered into that certain Equipment Lease Agreement dated as of the date hereof ("Lease") with CSX Transportation, Inc., a Virginia corporation ("Lessee"), providing for the purchase by Lessor and the leasing to Lessee of the Units described therein; and

WHEREAS, in accordance with the terms and conditions of the Participation Agreement dated as of the date hereof ("Participation Agreement") among Lender, Lessee and Lessor, Lessor proposes to finance a portion of the purchase price of the Units by issuing and selling to Lender its Notes on a nonrecourse basis and to secure its obligations under the Notes by a grant hereunder to Lender of a security interest in the Units and the Lease;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

A. NOTES

A.1. Terms of Notes. The Notes shall be substantially in the form set forth in Exhibit B annexed hereto. Each Note issued on each Closing Date shall bear interest on the principal amount thereof from time to time outstanding from the date thereof until paid at a rate per annum of 9.3% (computed on the basis of actual days elapsed and a 365-day year for the period from the date hereof to and including January 2, 1989, and thereafter computed on the basis of a 360-day year of twelve 30-day months). The interest on and principal of each Note shall be payable in immediately available funds semi-annually in one installment of accrued interest only on January 2, 1989 and in twenty (20) installments of principal and accrued interest on each January 2 and July 2 thereafter in each case with the amount of principal equal to the percentage set forth in the schedule to the Note opposite the applicable "Note Payment Date" multiplied by the original principal amount of the Note as provided therein, except that the last payment of principal of and interest on each Note shall in all events be in an amount sufficient to pay the accrued interest on and the unpaid principal of, such Note. Each Note shall bear interest at a rate which is an amount equal to the higher of (i) the Base Rate plus 1% or (ii) 11.3% per annum (computed on the basis of a 360-day year of twelve 30-day months) or at such lesser maximum contract rate permitted by applicable law, on any part of the principal thereof or interest thereon not paid when due for any period during which the same shall be overdue.

A.2. Limitation of Lessor's Liability. Lender agrees (and each party to whom any Note shall be transferred or assigned shall by its acceptance of such Note be deemed to have agreed) that:

(a) anything under the Notes to the contrary notwithstanding, all obligations of Lessor under the Notes are nonrecourse obligations of Lessor;

(b) the liability of Lessor to make payments of principal of and interest on the Notes and to pay or perform all other obligations of Lessor thereunder are limited solely to payments out of the Rent assigned and to payments out of the proceeds of the other Collateral provided herein; and

(c) no holder of any Note shall have recourse against any other assets of Lessor in the event that such Rent and proceeds shall not be sufficient fully to discharge the liability of Lessor under the Notes.

Nothing contained herein limiting the liability of Lessor shall derogate the right of Lender to proceed against the Collateral, Lessee or any Sublessee as provided herein or in the Lease or any Sublease or to bring suit and obtain a judgment against Lessor (provided that Lessor shall have no personal liability on any such judgment and the satisfaction thereon shall be limited to the Collateral) for the full and complete payment of the Indebtedness.

A.3. Application of Rent and Other Proceeds.

(a) Interim Rent; Basic Rent. Provided no Default, or no event which, but for the lapse of time or the giving of notice or both, would be a Default, shall have occurred and be continuing, Lender will accept payments of Interim Rent and Basic Rent (and any interest on overdue Interim Rent or Basic Rent) made to it by Lessee pursuant to the Lease and will apply such payments, promptly to the payment, first, to Lender of any expenses not reimbursed by Lessee in connection with the collection or distribution of such payment, second, ratably of installments of interest on the Notes due on the date such Interim Rent or Basic Rent is due and payable under the Lease, third, ratably of installments of principal of the Notes due on the date such Basic Rent is due and payable under the Lease (whether by acceleration, mandatory prepayment pursuant to this Security Agreement or otherwise), fourth, to Lender in discharge of any other Indebtedness and fifth, on the date received, or if not timely received to permit wire transfer, on the next following Business Day, by wire transfer as provided in the Participation Agreement, of any excess to Lessor.

(b) Indemnity Payments. Lender will accept payments made to it by Lessee pursuant to Lessee's indemnities contained in Section 6 of the Lease and will apply each such payment payable to Lender pursuant to said Section 6 to the purpose for which such payment was made.

A.4. Mandatory Prepayments.

(a) General. In the event of a Casualty Occurrence (as defined in Section 11.2 of the Lease) with respect to any Unit, there shall be due and payable on the Rent Payment Date on which the Casualty Value is payable as a

result thereof, on the Note issued with respect to such Unit on the Closing Date for such Unit an amount of principal equal to the product obtained by multiplying the principal amount of such Note outstanding at the time of such prepayment by a fraction, the numerator of which shall be Lessor's Cost of such Unit and the denominator of which shall be Lessor's Cost of all Units delivered on such Closing Date still subject to the Lease (including such Unit). The amount paid to Lender under Section 11.3 of the Lease shall be applied promptly to the payment: first, to Lender of any expenses not reimbursed by Lessee in connection with the collection or distribution of such payment, second, ratably of accrued interest on the prepaid amount of the principal of each such Note, third, ratably of the unpaid principal amount of each such Note to be prepaid, fourth, to Lender in discharge of any other Indebtedness and fifth, promptly of any excess to Lessor. Each subsequent installment of principal of and interest on each such Note shall be reduced in the same proportion that the principal of such Note was prepaid pursuant to this Section A.4(a).

(b) Limitation of Payment. No prepayment of any Note may be made except and to the extent and in the manner expressly permitted or required by this Security Agreement.

A.5. Exchange of Notes.

(a) Exchange. Without limiting the representations and warranties contained in Section 4 of the Participation Agreement, Lessor shall at any time at the request of the holder of any Note, as soon as practicable after the surrender of such Note to Lessor, execute and deliver new Notes in exchange therefor, payable to the order of the holder or such person or persons as may be designated by such holder (provided that there shall not in any event be more than nine (9) holders of Notes), dated the same date as the surrendered Note, in denominations of not less than \$50,000, in an aggregate principal amount equal to the original principal amount of such Note and substantially in the form of such Note with appropriate variations. The holder of such surrendered Note shall endorse such surrendered Note and shall make a notation on each new Note of the amount of all payments of principal previously made on the surrendered Note with respect to which such new Note is issued and the date to which interest on such surrendered Note has been paid.

(b) Mutilation, Destruction, Loss or Theft. If any Note shall become mutilated, destroyed, lost or stolen, Lessor shall, upon the written request of the holder of such Note, execute and deliver to such holder, in replacement thereof, a new Note in the same face amount and dated the same date as the Note so mutilated, destroyed, lost or stolen. If the Note being replaced has become mutilated, such Note shall be surrendered to Lessor. If the Note being replaced has been destroyed, lost or stolen, the holder of such Note shall furnish to Lessor such security or indemnity as may be required by it to save it harmless from any liability resulting from the issuance of such new Note and evidence satisfactory to Lessor of the destruction, loss or theft of such Note and the ownership thereof; provided, however, that if the holder of such Note is Lender or another institutional investor satisfactory

to Lessor, the written undertaking of such holder delivered to Lessor shall be sufficient security and indemnity.

B. SECURITY

B.1. Grant of Security. (a) In order to secure the prompt payment of the principal of and interest on all of the Notes (whether now or hereafter outstanding) and of all other moneys payable and to be payable under this Security Agreement and the Lease and the timely and faithful performance and observance by Lessor and Lessee of all of their respective agreements, covenants and provisions contained in this Security Agreement, the Lessor Security Agreement, the Participation Agreement, the Notes and the Lease and the other Secured Agreements, other than Excepted Payments (such payment, performance and observance by Lessor and Lessee being hereinafter sometimes collectively called the "Indebtedness"), Lessor has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security interest, and does hereby grant, convey, pledge, sell, mortgage, assign, transfer and set over a security interest, unto Lender in (i) each Unit whether now owned or later acquired; (ii) Lessor's interest, if any, in such equipment, substitute equipment, accessories and replacement and added parts which may now or hereafter be placed on or installed in the Leased Equipment (the Leased Equipment, equipment, accessories and replacement and added parts described in items (i) and (ii) above being hereinafter sometimes collectively called the "Security Equipment"); (iii) all proceeds of all kinds from the lease, sale, loss or other disposition of the Security Equipment (including, without limitation, accounts, goods, general intangibles, inventory equipment, instruments, chattel paper, documents and insurance and indemnity payments, but excluding Excepted Payments); (iv) all rights, claims and causes of action, if any, which Lessor may have against any manufacturer or supplier of Security Equipment or any other party, by contract or otherwise, in respect of any defect in the Security Equipment; and (v) the Lease and the other Assigned Documents together with, subject to the provision of Section C.8 hereof, all of Lessor's estate, right, title, interest, claim and demand in, to and under the Lease and such other Assigned Documents, including, without limitation, the right to receive notices and give consents under the Lease and such other Assigned Documents and the right to receive all Rent, damages and other moneys from time to time payable to or receivable by Lessor under the Lease and such other Assigned Documents, including, without limitation, insurance and condemnation proceeds, but excluding Excepted Payments, (such Security Equipment, proceeds, rights, claims, causes of action, Lease and such other Assigned Documents described in items (i) through (v) above being hereinafter sometimes collectively called the "Collateral"), to have and to hold all and every part of the Collateral unto Lender, and its successors and assigns, for its and their own use and benefit forever;

(b) PROVIDED, and these presents are on the condition that, if Lessor or Lessee, or their respective successors or assigns, (i) shall pay or cause to be paid to Lender all of the Indebtedness in accordance with its terms which is due and payable on or prior to the payment in full of the Notes and (ii) shall well and faithfully perform and observe, or cause to be performed and observed, all of the agreements, covenants and provisions which

are part of the Indebtedness and which are to be performed and observed on or prior to the payment in full of the Notes, then all rights herein assigned to Lender shall cease and terminate, all estate, right, title and interest of Lender in and to the Collateral shall revert to Lessor, and this Security Agreement and rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect;

(c) PROVIDED, FURTHER, that, subject to the terms and provisions hereof and unless otherwise stated herein, Lessor may retain possession, use and enjoyment of the Collateral as long as no Default shall have occurred and be continuing;

(d) PROVIDED, FURTHER, that additional Leased Equipment may be added to Schedule II hereof from time to time as evidenced by execution by Lessor and Lender of a Security Agreement Supplement substantially in the form set forth in Exhibit C annexed hereto and any and all property described or referred to in such Security Agreement Supplement shall become and be subject to the security interest herein granted as fully and completely as though specifically described in Schedule II hereof; and

(e) PROVIDED, FURTHER, it is understood and agreed by Lender and each and every holder of the Notes that any and all amounts payable and all other rights under the Tax Indemnity Agreement dated as of March 1, 1988 between Lessor and Lessee in no respect constitute a part or portion of the Collateral.

B.2. Lender as Agent. Lessor hereby constitutes Lender, and its successors and assigns, the true and lawful attorney of Lessor, irrevocably and with full power of substitution, in the name of Lessor or otherwise, to demand, receive and sue for, and (with the prior written consent of Lessor unless and until a Default shall have occurred and is continuing) compromise and give acquittance for, any and all rentals, profits, moneys and claims for money due and to become due under the Lease and the other Assigned Documents or otherwise arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith, to make all waivers and agreements (with the prior written consent of Lessor unless and until a Default shall have occurred and is continuing) and to file any claims or take any actions or institute any proceedings with respect thereto which Lender may deem necessary or advisable in its sole and complete discretion. Anything herein contained to the contrary notwithstanding, neither Lender nor its nominee or assignee shall have any obligation or liability by reason of or arising out of this Security Agreement to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amounts to which it may be entitled at any time or times by virtue of this Security Agreement.

B.3. Perfecting Security. Lessor shall, from time to time and at its own expense at no expense to Lender, promptly execute, acknowledge, witness, deliver and file and/or record, or procure the execution, acknowledgment, witnessing, delivery and filing and/or recordation of, such documents or instruments, and shall take or cause to be taken such other actions, as Lender

may reasonably request for the perfection against Lessor and all third parties whomsoever (subject to the rights created by the Lease relating to the Security Equipment) of the security interest created by this Security Agreement and of the rights and powers herein granted to Lender and for the continuation and protection thereof, and promptly give to Lender evidence satisfactory to Lender of such delivery and filing and/or recording. Without limiting the generality of the foregoing, Lessor shall from time to time and at any time execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, make such notations on its records, affix or cause to be affixed such labels, plates or other markings on the Security Equipment and take such other action as Lender may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of Lender; and shall cause this Security Agreement and such financing and continuation statements, notices and additional security agreements to be filed or recorded in such manner and in such places as may be required by applicable law and as Lender may reasonably request for such purpose. Lessor hereby authorizes Lender to effect any filing or recording which Lender has requested pursuant to this Section B.3 without the signature of Lessor to the extent permitted by applicable law. Lessor agrees that a carbon, photographic or other reproduction of the Agreement or a related financing statement is sufficient as a financing statement. The costs and expenses of Lender with respect to such actions shall be payable by Lessor upon demand.

B.4. Title to Collateral. Lessor hereby represents and warrants that (a) Lessor shall hold such title to the Security Equipment as will be conveyed to Lessor free and clear of all liens, charges and encumbrances created by, through or under Lessor (except Permitted Lessor Liens) and (b) Lessor has not executed any other assignment of the Collateral and has received no advance rental payments under the Lease.

B.5. Inspection. Without limiting Section C.8 hereof, Lender shall have the right of inspecting the Security Equipment and applicable maintenance records for, and records of hours of use of, the Security Equipment and observing its use and operation and otherwise protecting the security interest created herein to the extent provided in Section 12.2 of the Lease.

B.6. Performance by Lessor. Lessor represents and warrants that (a) notwithstanding any assignment hereunder, Lessor will perform all of the covenants and conditions set forth to be complied with by it in the Participation Agreement, this Security Agreement, the Notes, the Lessor Security Agreement, and the Lease and (b) to the knowledge of Lessor, it has performed all obligations on its part to be performed under the Lease on or prior to the date hereof and there has not occurred on or prior to the date hereof any Event of Default under the Lease or any event which, but for the lapse of time or the giving of notice or both, would be such an Event of Default.

B.7. Performance by Lender. The assignment of the Lease hereunder is made only as security, and, therefore, shall not subject Lender to or transfer, or pass, or in any way affect or modify the liability of Lessor

under the Lease, it being understood and agreed that notwithstanding such assignment, or any subsequent assignment, all obligations of Lessor to Lessee under the Lease shall be and remain enforceable by Lessee, its successors and assigns, against, and only against, Lessor. Nevertheless, Lender may, at any time and from time to time at its option, upon prior written notice to Lessor, perform any act which is required to be performed by Lessor under the Lease or hereunder, but which Lessor shall fail to perform, and may upon such prior notice take any other action reasonably necessary for the maintenance, preservation or protection of its security interest in the Collateral. All amounts advanced and all expenses (including legal fees) incurred by Lender in connection with such action together with interest at the Default Rate in the Lease shall be repaid by Lessor to Lender upon demand and shall be secured hereby as provided herein. The making of such advance by Lender shall not, however, cure any Default hereunder until such amounts so advanced and such interest thereon shall have been repaid in full to Lender and such Default shall have otherwise been cured.

B.8. Lessor's Place of Business and Name. Lessor shall give Lender not less than sixty (60) days' prior written notice of any change in location of its principal place of business and chief executive office and of any change in its legal name.

B.9. Protection of Security.

(a) In the event any of the Collateral (other than the Leased Equipment while subject to the Lease) is levied upon under legal process or falls under any other lien or encumbrance of whatever nature, except Permitted Lessor Liens, Lessor shall, promptly after the existence of any such lien or encumbrance shall first become known to Lessor, take appropriate steps to cause the same to be duly discharged, dismissed or removed.

(b) Lessor shall not cause or permit anything to be done which may impair the value of the Collateral or the security interest therein intended to be granted hereby.

(c) Lessor shall not, without the prior written consent of Lender, sell, assign (including by virtue of assignments by operation of law), mortgage, pledge or otherwise transfer or encumber any of the Collateral (except as contemplated herein and in the Lease or in the manner permitted in Section 6 of the Participation Agreement), or take any action which would permit any party other than Lender to perfect any security interest in the Collateral, whether for purchase money or otherwise.

B.10. Disclaimer by Lender. LENDER MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE COLLATERAL OR ANY PART THEREOF; LENDER SHALL NOT BE CHARGEABLE WITH ANY OBLIGATIONS OR LIABILITIES OF LESSOR WITH RESPECT THERETO; AND LENDER SHALL HAVE NO LIABILITY OR OBLIGATION ARISING OUT OF ANY SUCH CLAIMS, KNOWN OR UNKNOWN, WITH RESPECT TO THE COLLATERAL.

B.11. Amendments to Agreements. Lessor hereby represents and warrants that it has not, and covenants that it shall not, as long as this Security Agreement shall remain in effect, except as the same relates solely to Excepted Payments or with the prior written consent of Lender and upon the terms and conditions, if any, specified in such consent, enter into any agreement amending, supplementing or waiving compliance with the Lease or any other Assigned Document. Any attempted amendment, supplement or waiver without such consent shall be void. Consent by Lender to any one amendment, supplement or waiver shall not be deemed to be consent to any other amendment, supplement or waiver.

B.12 Indemnity for Acts of Lessor. Lessor covenants and agrees with Lender that in any suit, proceeding or action brought or taken by Lender under the Lease or any other Assigned Document for any installment of, or interest on, any Rent or other sum owing thereunder, or to enforce any provisions of such Lease or other Assigned Document, Lessor will save, indemnify and keep Lender harmless from and against all expense (including, without limitation, legal fees), loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of Lessee or its successors, which, notwithstanding the provisions of Section 2.5 and/or 16 of the Lease, Lessee or its successor is able to successfully assert, arising out of a breach by Lessor of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing by Lessor to Lessee, or its successors. Any and all such obligations of Lessor or Lessee shall be and remain enforceable against and only against Lessor and shall not be enforceable against Lender. The provisions of this Section B.12 are not intended to impair, restrict or limit the effect of Sections 2.5 and/or 16 of the Lease.

B.13. Notices. Lessor shall cause copies of all notices received or sent by it in connection with the Lease to be promptly delivered to Lender at Lender's address indicated on Schedule I annexed hereto unless it reasonably believes that such notice was given to Lender by Lessee or a third party.

B.14. Funds Held by Lender. In the event (1) any balance of amounts otherwise payable to Lessor pursuant hereto shall be held by Lender due to the occurrence and continuance of any event which, with the lapse of time or giving of notice, or both, would be a Default hereunder, or (2) any such balances shall be withheld from distribution to Lessor due to the occurrence and continuance of a Default hereunder, but Lender shall not have proceeded to exercise any of its remedies pursuant to Section C.2 hereof other than the retention of such balances, then in either such case such balances (including any investment income thereon) shall be held by Lender as part of the Collateral and invested as hereinafter in this Section B.14 provided until the earliest to occur of (i) as to any such sum so withheld, the 180th day following the commencement of such withholding, (ii) the date on which such event shall have been cured or waived, or (iii) the date on which Lender shall have proceeded to exercise any remedy or remedies pursuant to Section C.2 hereof or pursuant to the Lease. Upon the occurrence of an event referred to in clause (i) or (ii) above, such sum so withheld plus earnings thereon shall be distributed to Lessor. Upon the occurrence of any event referred to in clause (iii) above, such sum so withheld (including any investment income

thereon) shall be applied in the manner provided in Section C hereof in respect of the proceeds and avails of the Collateral. Funds held by Lender pursuant to the first sentence of this Section B.14 plus earnings thereon shall be invested by Lender as directed from time to time in writing by Lessor and at the expense and risk of Lessor but only in any of the following securities:

(a) direct obligations of the United States of America, or

(b) obligations fully guaranteed by the United States of America,
or

(c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, any bank, trust company or national banking association incorporated and doing business under the laws of the United States of America or one of the States thereof, having a combined capital and surplus of at least \$300,000,000 and a bond rating (for itself or its parent company) as determined by any nationally recognized rating service, which is investment grade (BBB or equivalent) or better, or

(d) commercial paper of the 10 largest finance companies incorporated in the United States, as determined by reference to the then most recently published Moody's Commercial Paper Record, which directly issue their own commercial paper and which are doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization.

C. DEFAULT

C.1. Defaults. The following events are Defaults hereunder:

(a) Payment of any sum on account of the principal of or interest on the Notes shall not be made within ten (10) days after the same shall become due, whether at maturity, by acceleration, as part of a prepayment or otherwise; or

(b) Lessor shall default in performance of any of its other obligations under this Security Agreement and such default shall continue for thirty (30) days after written notice thereof to Lessor from Lender; or

(c) An Event of Default, as that term is used in Section 14.1 of the Lease, shall have occurred; or

(d) Any representation or warranty made by Lessor in the Participation Agreement or herein or in any certificate furnished to Lender in connection herewith or therewith or pursuant hereto or thereto shall prove to be incorrect or misleading in any material respect when made; or

(e) Lessor shall (i) apply for or consent to the appointment of a trustee, receiver, liquidator, custodian or the like of itself or its property, (ii) be unable, or admit in writing the inability, to pay its debts as they mature, (iii) make an assignment for the benefit of creditors, (iv) commence a voluntary case under a chapter of the Bankruptcy Reform Act of 1978, as amended, (v) file a petition or answer seeking reorganization or an agreement with creditors or to take advantage of any insolvency law or other law providing for the relief of debtors or an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(f) An involuntary case under a chapter of the Bankruptcy Reform Act of 1978, as amended, shall be commenced, or any other proceeding shall be instituted without the application, approval or consent of Lessor, seeking in respect of Lessor reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator, custodian or the like of Lessor or of all or any substantial part of its assets or other like relief or the issuance of a writ of attachment, execution or similar process in a material amount against any material part of the property of Lessor, and Lessor shall either fail to contest such proceedings in good faith or such proceedings shall continue for any period of ninety (90) consecutive days.

C.2. Effect of a Default.

(a) Remedies. Upon the occurrence of any Default and at any time thereafter so long as the same shall be continuing, but subject always to any mandatory requirements of applicable law then in effect and the provisions of Sections C.2(b) and C.3 hereof, Lender may, at its option, do any one or more or all of the following acts, as Lender in its sole and complete discretion may then elect:

(i) by written notice to Lessor declare the entire principal amount of the Notes to be due and payable forthwith, whereupon the Notes shall become due and payable, both as to principal and interest, without presentment, demand or protest of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding, but subject, nevertheless, at all times to the nonrecourse provisions of the Notes;

(ii) exercise all rights and remedies of Lessor under the Lease, and Lessor shall not exercise any rights or remedies thereunder (except to receive copies of all notices given and received thereunder and except as to Excepted Payments) so long as such Default shall be continuing;

(iii) institute legal proceedings to foreclose upon and against the security interest granted herein to recover all amounts then due and owing as Indebtedness, and to collect the same out of any of the Collateral;

(iv) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(v) institute legal proceedings for the appointment of a receiver for any of the Collateral pending foreclosure hereunder or the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(vi) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof or render it unusable, and, without being responsible for loss or damage, hold, store and keep idle, or operate, lease or otherwise use or permit the use of, the same or any part thereof for such time and upon such terms as Lender may determine in its sole and complete discretion and in light of its own best interests;

(vii) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof with or without process of law and without being responsible for loss or damage, and sell or dispose of all or any part of the same, free from any and all claims of Lessor or of any other party claiming by, through or under Lessor at law, in equity or otherwise, at one or more public or private sales, in such place or places, at such time or times and upon such terms as Lender may determine in its sole and complete discretion and in light of its own best interests with or without any previous demand on or notice to Lessor or advertisement of any such sale or other disposal; and for the aforesaid purposes, all notice of sale, advertisement and demand and any right or equity of redemption otherwise required by, or available to Lessor under, applicable law are hereby waived by Lessor to the fullest extent permitted by applicable law; the power of sale hereunder shall not be exhausted by one or more sales, and Lender may from time to time adjourn any sale to be made hereunder;

(viii) demand, collect and retain all hire, earnings and all other sums due and to become due pursuant to subsections (vi) and (vii) of this Section C.2(a) from any party whomsoever, accounting only for net earnings arising after charging against all receipts from the use of and/or sale of the Collateral all costs and expenses of, and damages or losses by reason of, such use and/or sale; and

(ix) exercise any other right, power, privilege or remedy which may be available to a secured party under the Uniform Commercial Code or any other applicable law.

provided, however, that if a Default hereunder shall result solely from an Event of Default under the Lease, Lender shall not divest Lessor of title of any Unit except in conjunction with or following termination of the Lease and repossession of such Unit from Lessee unless Lender shall be stayed (or otherwise prevented from doing so by law, court order or judgment) from exercising one or more remedies under Section 14.2 of the Lease.

(b) Notice. Anything to the contrary in Section C.2 notwithstanding, Lender hereby agrees that prior to the sale or other disposal of the Collateral hereunder, it will notify Lessor in writing by certified mail, return receipt requested, at least ten (10) Business Days before the date of any such act (or such longer period as may be required by applicable law) at its address provided on Schedule I annexed hereto of the time and place of any public sale hereunder and the time after which any private sale or other intended disposition is to be made hereunder.

(c) Application of Proceeds. The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section C.2 shall be applied by Lender first, to the payment to Lender of all legal fees and other costs and expenses incurred by Lender by reason of the occurrence of any Default or the exercise of Lender's remedies with respect thereto, and second, in the manner provided for in Section A.4(a) hereof.

C.3. Right to Cure. Anything herein to the contrary notwithstanding, in the case of any Default occurring hereunder due to the occurrence of an Event of Default under the Lease with respect to the failure of Lessee to pay Interim Rent or Basic Rent, Lender shall not, without the prior written consent of Lessor, exercise any remedy or remedies provided herein or in the Lease in respect thereof during the ten (10) Business Day period next following the giving of notice by Lender to Lessor of such Event of Default, which notice may be telephonic and confirmed in writing. During such period, Lessor shall have the right to cure, on behalf of Lessee, such Event of Default under the Lease, which shall cure any Default hereunder resulting therefrom. Each separate Event of Default occurring subsequent to such an Event of Default which was theretofore cured by Lessor shall be subject to the period during which Lender may not exercise its remedies as hereinabove provided. Such grace period and right to cure shall not be allowed more than four (4) times during the initial term of the Lease or more than two (2) times in succession.

Anything herein to the contrary notwithstanding, in the case of any Default occurring hereunder due to the occurrence of an Event of Default under the Lease with respect to the failure of Lessee to perform any covenant contained in the Lease (other than the covenant to pay Interim Rent or Basic Rent) which is of a kind that is curable by the payment of money, Lessor may, but shall not be obligated to, make such payment or payments as may be necessary to cure such Event of Default and such payment or payments shall be deemed to cure any such Default hereunder which would otherwise have occurred on account of such Event of Default; provided that such right of such cure is limited to payments by Lessor not exceeding \$500,000 in the aggregate during any period of twelve (12) consecutive calendar months.

No party exercising any such right to cure shall obtain any lien, charge or encumbrance of any kind upon any Unit or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right or the curing of such Event of Default, nor shall any claims of such party against Lessee for the repayment of such sums so advanced impair the prior right of Lender to the sums payable by Lessee

under the Lease; provided, however, that if no Default hereunder shall then have occurred and be continuing and if all Indebtedness then due and owing shall have been paid at the time of receipt by Lender from Lessee of an overdue installment of Interim Rent or Basic Rent in respect of which Lessor shall have made payment to Lender pursuant to this Section C.3 or any interest payable by Lessee in respect of the late payment thereof, such installment or other sum and interest thereon shall be released promptly to or at the written direction of Lessor.

C.4. Right to Purchase Notes. At any time after Lender has declared the Lease in default pursuant to Section 14 thereof, Lessor may, upon not less than ten (10) or more than thirty (30) days' prior irrevocable notice to Lender, purchase all but not less than all of the Notes from each holder thereof by paying such holder in immediately available funds the aggregate unpaid principal amount of all Notes held by such holder together with accrued interest thereon to the date of payment plus any other Indebtedness payable to such holder.

C.5. Waiver by Lessor. To the fullest extent that it may lawfully so agree, Lessor shall not at any time insist upon, claim, plead, or take any benefit or advantage of, any appraisal, valuation, stay, extension, moratorium, redemption or similar law now or hereafter in force in order to prevent, delay or hinder the enforcement of this Security Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale pursuant to Section C.2 above; and Lessor, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may do so, hereby waives the benefit of all such laws and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose under this Security Agreement may order the sale of the Collateral as an entirety.

C.6. Right to Purchase Collateral. At any sale pursuant to Section C.2 hereof, Lender or its agent may, to the extent permitted by applicable law, bid for and purchase the Collateral offered for sale, may use any claim for Indebtedness then due and payable to it as a credit against the purchase price and, upon compliance in full with the terms of such sale, may hold, retain and dispose of such property without further accountability therefor to Lessor or any other party.

C.7. Cumulative Rights. Each right, power and remedy herein specifically granted to Lender or otherwise available to it shall be cumulative, and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or otherwise; and each right, power and remedy, whether specifically granted herein or otherwise existing, may be exercised, at any time and from time to time, as often and in such order as may be deemed expedient by Lender in its sole and complete discretion; and the exercise or commencement of exercise of any right, power or remedy shall not be construed as a waiver of the right to exercise, at the same time or thereafter, the same or any other right, power or remedy. No delay or omission by Lender in exercising any such right or power, or in pursuing any such remedy, shall impair any such right, power or

remedy or be construed to be a waiver of any default on the part of Lessor or an acquiescence therein. No waiver by Lender of any breach or default of or by Lessor of any Indebtedness shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

C.8. Certain Rights of Lessor. Notwithstanding any provision to the contrary herein, Lessor shall have the right (a) to the exclusion of the Lender, so long as no Default shall have occurred and be continuing, to consent to and make any determination of Fair Rental Value or Fair Market Value under Section 18 of the Lease and to adjust Interim and Basic Rent and Casualty Values pursuant to Section 2.3 of the Lease and (b) not to the exclusion of the Lender, and whether or not a Default shall have occurred and be continuing hereunder, to receive all notices, certificates and other documents or information that Lessee is permitted or required to furnish to Lessor pursuant to the Lease or the Participation Agreement and to inspect the Units pursuant to Section 12.2 of the Lease.

D. MISCELLANEOUS

D.1. Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of Lessor and Lender and their respective successors and assigns.

D.2. Governing Law and Counterparts. The terms of this Security Agreement and all rights and obligations of the parties hereto shall be governed by the laws of the State of New York. Such terms, rights and obligations may not be changed orally, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought. This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, but all of such counterparts shall together constitute a single instrument.

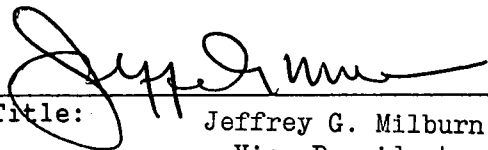
D.3. Notices. All notices provided for herein shall be given not later than the date required hereunder and shall be deemed to have been duly given when signed by an appropriate officer or other representative and either delivered to an officer of Lender or Lessor, as the case may be, or mailed prepaid by certified mail, return receipt requested, and addressed to the address indicated on Schedule I annexed hereto for such party or to such other address as such party may designate in writing pursuant hereto.

D.4. Quiet Enjoyment. Lender covenants that so long as no Default has occurred and is continuing hereunder, Lessee shall peaceably and quietly have, hold, possess, use and enjoy the Leased Equipment as provided in the Lease, respectively, without suit, molestation or interruption by Lender.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

LENDER:

NATIONWIDE LIFE INSURANCE COMPANY

By 
Title: Jeffrey G. Milburn
Vice President
Corporate Fixed-Income Securities

LESSOR:

CITICORP NORTH AMERICA, INC.

By _____
Title:

D.4. Quiet Enjoyment. Lender covenants that so long as no Default has occurred and is continuing hereunder, Lessee shall peaceably and quietly have, hold, possess, use and enjoy the Leased Equipment as provided in the Lease, respectively, without suit, molestation or interruption by Lender.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.


LENDER:

NATIONWIDE LIFE INSURANCE COMPANY

By _____
Title:

LESSOR:

CITICORP NORTH AMERICA, INC.

By  _____
Title: VICE PRESIDENT

State of _____)
) ss.
County of _____)

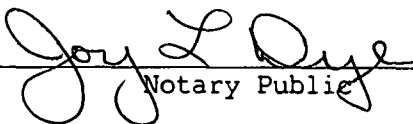
On this ____ day of _____, 1988, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of CITICORP NORTH AMERICA, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

State of Ohio)
) ss.
County of Franklin)

On this 18th day of March, 1988, before me personally appeared Jeffrey G. Milburn, to me personally known, who being by me duly sworn, says that he is a Vice President of NATIONWIDE LIFE INSURANCE COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

My commission expires:

JOY L. DYE
NOTARY PUBLIC - STATE OF OHIO
MY COMMISSION EXPIRES DEC. 2, 1991

State of New York)
County of Westchester) ss.

On this 22 day of March, 1988, before me personally appeared Roger P. Miller, to me personally known, who being by me duly sworn, says that he is a Vice President of CITICORP NORTH AMERICA, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Thomas A. Matamoras
Notary Public

My commission expires:

THOMAS A. MATAMOROS
Notary Public, State of New York
No. 03-4723452
Qualified in New York County
Commission Expires November 30, 1988

State of _____)
County of _____) ss.

On this ____ day of _____, 1988, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of NATIONWIDE LIFE INSURANCE COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

EXHIBIT A
TO THE SECURITY
AGREEMENT

DEFINITIONS

The terms defined in the Lease, in the Lessor Security Agreement and in the Participation Agreement when used herein shall have the same meanings as so defined unless otherwise defined or the context otherwise requires.

"Assigned Documents" shall mean the Lessor Security Agreement, the Lease and the Bill of Sale.

"Basic Rent" shall have the meaning as defined in the Lease.

"Bill of Sale" for any Unit shall mean a warranty bill of sale for such Unit from Seller to Lessor acceptable in form to Lessor and Lender.

"Business Day" shall mean each day other than a Saturday, Sunday or day on which banks in the States of Ohio, Maryland or New York are required or authorized to close.

"Closing" shall mean each closing to be held on a Closing Date.

"Closing Date" shall mean March 31, June 30, September 30 and December 30, 1988.

"Collateral" shall have the meaning as defined in Section B.1 hereof.

"Default" shall mean any of the events and Events of Default described in Section C.1 hereof.

"Default Rate" shall mean the rate of interest which Lessee is required to pay for nonpayments under Section 19 of the Lease.

"Delivered Units" shall mean, with respect to any Closing Date, those Units purchased by Lessor and leased by Lessor to Lessee under the Lease on such Closing Date.

"Event of Default" shall have the meaning as defined in the Lease.

"Excepted Payments" shall mean (i) indemnity payments to Lessor under Section 6 of the Lease or Section 7 of the Participation Agreement, (ii) insurance payments with respect to such indemnity payments under Section 11.1 of the Lease, and (iii) the right to sue and recover damages for the breach of any such indemnity or payment obligation.

"Indebtedness" shall have the meaning as defined in Section B.1 hereof.

"Interim Rent" shall have the meaning as defined in Section 2.1(a) of the Lease.

"Lease" shall mean the Equipment Lease, dated as of the date hereof, between Lessor and Lessee.

"Leased Equipment" shall mean the equipment described in Schedule II to this Security Agreement.

"Lessor's Cost" for any Delivered Unit shall have the meaning as defined in the Lease.

"Note" or "Notes" shall mean a Note or Notes of Lessor substantially in the form of Exhibit B annexed hereto and issued hereunder.

"Operative Agreements" shall mean this Security Agreement, the Participation Agreement, the Notes, the Lessor Security Agreement, the Lease, the Tax Indemnity Agreement and the Bill of Sale.

"Permitted Lessor Liens" shall mean with respect to the Security Equipment, (i) the security interest created by this Security Agreement; (ii) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings diligently conducted so long as such proceedings shall stay the enforcement thereof and the sale or forfeiture of any Unit or any part thereof or interest therein; (iii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or employees' liens or other like liens arising in the ordinary course of business and securing obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension); (iv) the rights of Lessee and any permitted sublessee or assignee under the Lease; and (v) liens or claims for which Lessee is responsible under the Lease.

"Rent" shall mean all Interim Rent, Basic Rent and Supplemental Rent collectively.

"Rent Payment Date" shall mean each date on which Basic Rent is payable pursuant to Section 2.2 of the Lease.

"Security Agreement Supplement" shall mean the form of security agreement supplement substantially in the form of Exhibit C to this Security Agreement.

"Security Equipment" shall have the meaning defined in Section B.1 hereof.

"Sublease" shall mean any sublease permitted by the Lease which covers the Delivered Units and is entered into between Lessee and Sublessee for a period in excess of one (1) year, such Sublease being entered into as of the date hereof or hereafter put in place.

"Sublessee" shall mean any party entering into a Sublease with Lessee.

"Supplemental Rent" shall have the meaning as defined in the Lease.

"Units" shall have the meaning as defined in the Lease.

EXHIBIT B
TO THE SECURITY
AGREEMENT

NONRECOURSE PROMISSORY NOTE

No.

\$ _____, 19 _____

FOR VALUE RECEIVED, CITICORP NORTH AMERICA, INC., a Delaware corporation ("Lessor"), hereby promises, subject to the conditions hereinafter set forth, to pay to NATIONWIDE LIFE INSURANCE COMPANY, an Ohio corporation ("Lender"), at Ameritrust/Trust, Columbus, Ohio, #30352900, FAO Nationwide Life Insurance Company, ABA #041000687, with notification of such payment to Nationwide Life Insurance Company, One Nationwide Plaza, Columbus, Ohio 43216, Attention: Cash Division, Money and Banking the principal amount of _____ Dollars (\$ _____), in lawful money of the United States, together with interest, in like money, from the date hereof on the unpaid principal amount hereof from time to time outstanding from the date hereof until paid at a rate per annum of 9.3% (computed on the basis of actual days elapsed and a 365-day year for the period from the date hereof to and including January 2, 1989, and thereafter computed on the basis of a 360-day year of twelve 30-day months).

This Note shall be payable in one installment of accrued interest only on January 2, 1989, and in twenty (20) installments of principal and accrued interest on each January 2 and July 2 thereafter, with the amount of principal equal to the amount set forth opposite the applicable Note Payment Date on Schedule A attached hereto; provided that in all events the last such payment of principal and interest shall be in an amount sufficient to discharge the accrued and unpaid interest on, and the unpaid principal of, this Note.

This Note shall bear interest at a rate per annum (computed on a basis of a 360-day year of twelve 30-day months) equal to the higher of (i) the fluctuating interest rate per annum equal at all times to the rate of interest announced publicly by Citibank, N.A. in New York, New York from time to time as Citibank, N.A.'s base rate, each change in such fluctuating interest rate to take effect simultaneously with the corresponding change in the base rate

THIS NOTE HAS NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAW OR THE SECURITIES ACT OF 1933, AS AMENDED, AND MUST BE HELD INDEFINITELY UNLESS SO REGISTERED OR TRANSFERRED IN A TRANSACTION EXEMPT FROM ANY APPLICABLE REGISTRATION.

plus one percent (1%) or (ii) 11.3%, or at such lesser maximum contract rate as is then permitted by applicable law, on any part of the principal of or interest on this Note not paid when due for any period during which the same shall be overdue. If any payment of principal of or interest on this Note shall become due on a Saturday, Sunday or a public holiday, such payment shall be made on the next succeeding Business Day. All payments hereunder shall be applied first, to the payment of accrued and unpaid interest and second, to the payment of principal.

This Note is one of several notes ("Notes") in an aggregate principal amount not to exceed nine million dollars (\$9,000,000) issued or to be issued by Lessor to Lender and referred to in the Security Agreement dated as of March 1, 1988 ("Security Agreement") between Lessor and Lender. The Notes are, or upon issuance will be, secured by a grant of security made by Lessor to Lender pursuant to the Security Agreement relating to certain railcars and associated equipment leased to CSX Transportation, Inc., a Virginia corporation ("Lessee"), pursuant to an Equipment Lease ("Lease") dated as of March 1, 1988, between Lessor and Lessee. Reference is hereby made to the Lease and the Security Agreement for a description of the property assigned and mortgaged, the nature and extent of the security and the rights of Lender, the holders of the Notes and Lessor in respect of such security.

ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, THIS NOTE IS A NONRECOURSE OBLIGATION OF LESSOR, AND THE LIABILITY OF LESSOR TO MAKE PAYMENTS OF PREMIUM, IF ANY, ON, PRINCIPAL OF AND INTEREST ON THIS NOTE IS LIMITED SOLELY TO PAYMENTS OUT OF THE RENTS UNDER THE LEASE ASSIGNED AND PAYMENTS OUT OF THE PROCEEDS OF THE OTHER COLLATERAL PROVIDED IN THE SECURITY AGREEMENT, AND NO HOLDER OF THIS NOTE SHALL HAVE RECOURSE TO LESSOR OR TO ANY OF THE OTHER ASSETS OF LESSOR IN THE EVENT THAT SUCH RENTS AND PROCEEDS SHALL NOT BE SUFFICIENT FULLY TO DISCHARGE THE LIABILITY OF LESSOR HEREUNDER.

The Notes are subject to certain mandatory and optional prepayments and the maturity thereof may be accelerated, all as provided in the Security Agreement. Lessor hereby waives presentment, demand or protest of any kind otherwise required in connection with the payment of principal of or interest on the Notes. The terms of this Note shall be governed by the laws of the State of New York.

CITICORP NORTH AMERICA, INC.

By _____
Title:

EXHIBIT C
TO THE SECURITY
AGREEMENT

SECURITY AGREEMENT SUPPLEMENT NO. ____

THIS SECURITY AGREEMENT SUPPLEMENT, dated _____, of CITICORP NORTH AMERICA, INC., a Delaware corporation ("Lessor"), and of NATIONWIDE LIFE INSURANCE COMPANY, a Ohio corporation ("Lender"), under the Security Agreement dated as of March 1, 1988 ("Security Agreement") between Lessor and Lender.

W I T N E S S E T H

WHEREAS, capitalized terms herein are used as defined in the Security Agreement;

WHEREAS, the Security Agreement provides for the execution and delivery of a supplement substantially in the form of this Supplement No. __, which supplement shall particularly describe the Units included in the Lease, and shall specifically grant to the Lender a security interest in such Units; and

WHEREAS the Security Agreement relates to the Units described in the following paragraph and is being filed for recordation on or promptly after the date of this Supplement No. __, with the Interstate Commerce Commission.

NOW, THEREFORE, to secure the Indebtedness, Lessor has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged, granted a security interest in and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge, grant a security interest in and confirm to the Lender, its successors and assigns, the railcars described Schedule A attached hereto (the "Delivered Units") and all of the right, title and interest of Lessor in, to and under the Certificate of Acceptance dated the date hereof.

TO HAVE AND TO HOLD the aforesaid property to the Lender, its successors and assigns, and for the uses and purposes and subject to the terms and conditions set forth in the Security Agreement.

AND, FURTHER, Lessor, hereby acknowledges that the Delivered Units referred to in the aforesaid Certificate of Acceptance attached to and made a part of this Supplement No. ___ has been delivered to Lessor and is included in the property of Lessor covered by all the terms and conditions of the Security Agreement, subject to its pledge or mortgage under the Security Agreement.

This Supplement No. ___ shall be construed as supplemental to the Security Agreement and shall form a part thereof, and the Security Agreement is hereby incorporated by reference in this Supplement No. 1 and is hereby ratified, approved and confirmed.

This Supplement No. ___ is being delivered in the State of New York.

This Supplement No. ___ may be executed by Lessor and Lender in separate counterparts, each of which when so executed and delivered is an original, but all such counterparts shall together constitute but one and the same supplement.

IN WITNESS WHEREOF, Lessor and Lender have each caused this Supplement No. 1 to be duly executed by their respective, duly authorized officers as of the day and year first above written.

LESSOR: CITICORP NORTH AMERICA, INC.

By _____
Title:

LENDER: NATIONWIDE LIFE INSURANCE COMPANY

By _____
Title:

State of _____)
) ss.
County of _____)

On this ____ day of _____, 1988, before me personally appeared _____, to me known, who being by me duly sworn, says that he is a _____ of CITICORP NORTH AMERICA, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

State of _____)
) ss.
County of _____)

On this ____ day of _____, 1988, before me personally appeared _____, to me known, who being by me duly sworn, says that he is a _____ of NATIONWIDE LIFE INSURANCE COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires:

SCHEDULE A
TO SECURITY
AGREEMENT
SUPPLEMENT NO. ____

DESCRIPTION OF LEASED EQUIPMENT

Description

Identifying Mark and Numbers

Covered Hopper Cars

SCHEDULE II
TO THE SECURITY
AGREEMENT

DESCRIPTION OF LEASED EQUIPMENT
Identifying Mark and Numbers

COVERED HOPPER CARS = 177

CSXT 246520	CSXT 246581	CSXT 248282	CSXT 248359
CSXT 246522	CSXT 246582	CSXT 248285	CSXT 248361
CSXT 246523	CSXT 246583	CSXT 248287	CSXT 248363
CSXT 246524	CSXT 246586	CSXT 248289	CSXT 248365
CSXT 246525	CSXT 246587	CSXT 248290	CSXT 248367
CSXT 246526	CSXT 246588	CSXT 248291	CSXT 248372
CSXT 246528	CSXT 246589	CSXT 248292	CSXT 248373
CSXT 246529	CSXT 246591	CSXT 248294	CSXT 248374
CSXT 246532	CSXT 246592	CSXT 248295	CSXT 248380
CSXT 246533	CSXT 246593	CSXT 248298	CSXT 248382
CSXT 246534	CSXT 246594	CSXT 248299	CSXT 248383
CSXT 246535	CSXT 246596	CSXT 248300	CSXT 248384
CSXT 246536	CSXT 246599	CSXT 248303	CSXT 249554
CSXT 246541	CSXT 246600	CSXT 248304	CSXT 249564
CSXT 246542	CSXT 246602	CSXT 248305	CSXT 249572
CSXT 246543	CSXT 248143	CSXT 248308	CSXT 249578
CSXT 246544	CSXT 248144	CSXT 248310	CSXT 249581
CSXT 246545	CSXT 248147	CSXT 248312	CSXT 249587
CSXT 246546	CSXT 248150	CSXT 248313	CSXT 249606
CSXT 246547	CSXT 248151	CSXT 248315	CSXT 249619
CSXT 246548	CSXT 248153	CSXT 248316	CSXT 249621
CSXT 246549	CSXT 248155	CSXT 248317	CSXT 249633
CSXT 246550	CSXT 248156	CSXT 248318	CSXT 249654
CSXT 246551	CSXT 248158	CSXT 248321	CSXT 249660
CSXT 246552	CSXT 248159	CSXT 248322	CSXT 249666
CSXT 246554	CSXT 248160	CSXT 248323	CSXT 249669
CSXT 246556	CSXT 248162	CSXT 248324	CSXT 249716
CSXT 246557	CSXT 248163	CSXT 248325	CSXT 249731
CSXT 246558	CSXT 248164	CSXT 248326	CSXT 249740
CSXT 246559	CSXT 248165	CSXT 248328	CSXT 249742
CSXT 246560	CSXT 248166	CSXT 248329	CSXT 249765
CSXT 246561	CSXT 248167	CSXT 248330	CSXT 249777
CSXT 246562	CSXT 248168	CSXT 248331	CSXT 249797
CSXT 246563	CSXT 248170	CSXT 248332	CSXT 249804
CSXT 246564	CSXT 248171	CSXT 248334	CSXT 249840
CSXT 246565	CSXT 248174	CSXT 248336	
CSXT 246566	CSXT 248176	CSXT 248337	
CSXT 246567	CSXT 248270	CSXT 248338	
CSXT 246568	CSXT 248272	CSXT 248339	
CSXT 246570	CSXT 248273	CSXT 248340	
CSXT 246571	CSXT 248274	CSXT 248343	
CSXT 246572	CSXT 248275	CSXT 248344	
CSXT 246573	CSXT 248276	CSXT 248345	
CSXT 246574	CSXT 248277	CSXT 248346	
CSXT 246576	CSXT 248279	CSXT 248349	
CSXT 246577	CSXT 248280	CSXT 248351	
CSXT 246579	CSXT 248281	CSXT 248355	
CSXT 246580			